



**FINANCE AND AUDIT SUBCOMMITTEE MEETING MINUTES
APRIL 10, 2014**

**Sacramento City Council Chambers
915 I Street
Sacramento, CA 95814**

The Finance and Audit Subcommittee of the California High-Speed Rail Authority (Authority) Board met on April 10, 2014 at 8:00 at the Sacramento City Hall Chambers.

Committee Members Present:

Mr. Michael Rossi, Chair, by Conference Line

Authority Staff Present:

Mr. Jeff Morales, CEO
Mr. Dennis Trujillo, Chief Deputy
Mr. Russell Fong, CFO
Ms. Paula Rivera, Audits
Mr. Scott Jarvis, Assistant Chief Program Manager
Mr. Jon Tapping, Risk Manager

Minutes prepared in the order items were presented during the meeting

Agenda Item – Minutes from March 11, 2014

No comments.

Agenda Item - Financial Reports – Russell Fong

- Accounts Payable Aging Report – Mr. Rossi asked for clarification of why Resource Agency invoices were outstanding. Mr. Fong explained that the Authority is awaiting reimbursement from FRA for previously expended state bond funds in order to free up funds to pay these state agencies. Mr. Fong presented that a policy has recently been implemented that requires all invoices to be sent to Accounting so they can be date stamped, tracked and, routed for review and approval, and submitted to FRA for reimbursement.
- Executive Budget Summary – Underspending (67% of the year and spent 40% of budget) is a result of salary savings for the year. However, most recent month's data shows spending in excess of projections due to hiring staff more quickly than anticipated. One correction noted to position count to reduce by one for a loaned position.
- Capital Outlay Report – Projections have been updated and are consistent with the Funding Contribution Plan.
- Projected Expenditures – As of December 2013 \$450M of state funds have been expended, \$176M of federal funds. However only \$9M of federal funds are eligible for match.
- Contracts – Mr. Rossi requested documentation for the \$3,370 spent for chairs in Fresno.
- Projects and Initiatives Report. Financial System – Mr. Fong reported that the Feasibility Study Report was approved by Agency (CalSTA) last week and submitted to the California Technology

Agency and the Department of Finance. Mr. Rossi commented on the number of staff hours required to produce an FSR of this magnitude for a \$6M financial management system. Mr. Rossi inquired about Quickmaps. Mr. Fong identified that it has been completed. Mr. Rossi inquired about long-term leased vehicles. Mr. Jarvis identified that Authority approvals have been obtained and we are currently awaiting Agency approval. Mr. Morales added that these leased vehicles are for Authority staff on the construction site, and are being leased instead of purchased.

Agenda Item – Audits Division Update – Paula Rivera

Questions asked and answered. Issue discussed included:

- Review initiated of compliance with the Public Records Act – Mr. Rossi would like this review completed by the end of May.

Agenda Item – CP 1 Project Update – Scott Jarvis

Questions asked and answered. Issues discussed included:

- Mr. Rossi requested the source of the industry standard be documented for the performance metrics reported. Mr. Morales identified that the performance metrics reported are not the only metrics used, but provide a high-level overview.
- Mr. Rossi requested revisions to the SR99 status report to document how progress on the work activities is reported and how that progress affects the status. Mr. Tapping advised that the CP 1 contingency trending analysis is addressed in monthly workshops.
- Mr. Tapping advised that the Monte Carlo risk analysis will be run for CP 2-3 within the next few months.

The meeting ended at 8:30 am.